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## MMS: Safely Securing Ocean Energy and Economic Value for America

The United States' demand for energy is expected to increase 30 percent over the next 20 years. Meeting our growing energy needs demands a proactive and aggressive Federal regulatory program, as well as private sector innovation. As we explore our oceans and the outer boundaries of technological frontiers in the coming decades we may yet discover astonishing alternative sources of energy to fuel our daily lives. But we still face the ongoing challenge of meeting today's energy needs.



The Minerals Management Service (MMS), part of the Department of the Interior, is a key Federal energy agency that is helping secure America's energy future and quality of life through effective oversight of offshore energy production and mineral revenue collection.

An agency of about 1,700 people in 20 cities across the U.S., MMS has two primary programs: the Minerals Revenue Management program and the Offshore Minerals Management program. MMS manages over 1.76 billion offshore acres of Federal land called the Outer Continental Shelf (OCS) and annually disburses around \$6 billion in Federal onshore and offshore minerals revenue.

### Minerals Revenue Management

MMS collects, accounts for and disburses mineral revenues from Federal and American Indian

leases. Since its inception in 1982, MMS has distributed approximately \$143 billion to Federal, state and Indian accounts including:

- \$89.3 billion to Treasury (\$4.6 billion in FY 04)
- \$19.9 billion to Land and Water Conservation Fund (\$899 million in FY 04)
- \$3.2 billion to Historic Preservation Fund (\$150 million in FY 04)
- \$10.3 billion to Reclamation fund (\$924 million in FY 04)
- \$16.5 billion to 38 States (\$1.2 billion in FY 04)
- \$4.1 billion to 41 Tribes and 30,000 individual American Indians (\$354 million in FY 04)

MMS's extensive compliance program ensures accurate reporting and royalty payments and helps develop regulations and procedures necessary to implement royalty management legislation through extensive public processes.



One of the highlights of MMS' efforts to ensure receipt of fair value for the use of Federal lands is the "Royalty-in-Kind" program aimed at enhancing management of the Nation's oil and gas royalty assets. The program generates revenues by receiving its oil and gas royalties in kind (in the form of product), rather than in cash, and competitively selling the commodities in the marketplace. By reducing regulatory costs and

reporting requirements and improving overall business efficiencies, MMS is achieving revenue increases of about one to three percent more than cash royalties.

### Offshore Minerals Management

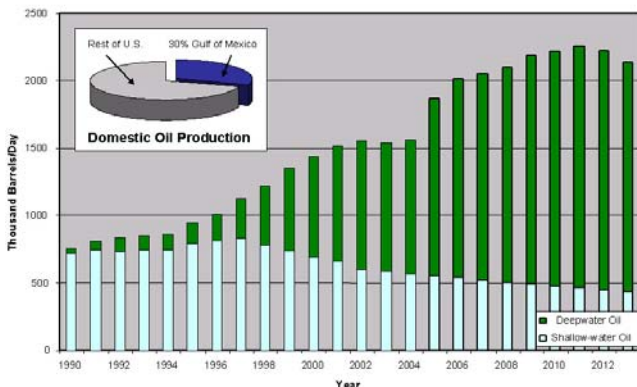
In the complex world of managing oil and gas exploration and development on the Nation's OCS, MMS is carrying out its mission by employing the best scientists, funding far reaching studies and ensuring that the highest safety standards are met so that America gets its needed energy while we protect the environment.



From OCS waters in Alaska, the Pacific Ocean and Gulf of Mexico MMS directs the production of about 23 percent of the natural gas and 30 percent of the oil produced in the United States. Offshore oil production now accounts for about 1.7 million barrels of oil per day – more than double what it was just 12 years ago.

Deep water exploration is perhaps the most significant area of innovation in offshore energy production. Deep water oil and gas development in the Gulf of Mexico is a workhorse for U.S. domestic oil and gas production. Offshore oil production rose 535 percent between 1995 and 2002, and deep water gas production rose 620 percent over those same years.

Gulf of Mexico Oil Production



MMS is responsible for all phases of mineral resource management on the OCS. Our scientists coordinate oceanographic research involving underwater archaeology, sea ice conditions in

Alaska, deep-sea chemosynthetic communities, ocean currents and marine mammals. MMS has funded over \$650 million in environmental studies over the last 20 years and another \$17 million for its Technology Assessment and Research program, which evaluates the technology used in the offshore industry.

Another critical MMS effort is the beach replenishment partnership program that helps local coastal communities protect the Nation's coastlines. Coastal areas account for less than 10 percent of America's land area, but are home to half the population, and 40 percent of new commercial and residential development.

MMS's offshore energy and minerals revenue activities provide major economic and energy benefits to taxpayers, states and the American Indian community.

For more information on how MMS is securing clean and safe ocean energy and economic value for America visit us [mms.gov](http://mms.gov) or call the Office of Public Affairs at 202-208-3985.



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